LOOP CAPITAL MARKETS

April 7, 2008

Ms. Naomi Richman
Chief Credit Officer
Global Public, Project and Infrastructure finance
Moody's Investors Service
250 Greenwich Street
New York, NY 10007

RE: Request for Comment: Assignment of Global Ratings to Municipal Obligations

Dear Ms. Richman:

We are grateful for the opportunity to provide commentary to the ongoing discussion of how municipal ratings should be applied to municipal credit risk. This is a favorable step, and one that will hopefully lead to less confusion and more efficient functioning in the marketplace. It is important that whatever outcome is achieved, it is viewed as favorable by the two principally affected parties: issuers of municipal debt (and the taxpayers they represent) and the investors in municipal debt.

The current methodology of treating municipal and corporate credit risk separately may have been appropriate to the market environment in the past, but we believe that principals in finance have evolved so substantially as to make it vital to the fair and efficient functioning of capital markets to have a rating system that reflects those advancements, and treats issuers in all markets uniformly.

To that end, we believe that credit ratings should be applied based upon standards relating directly to default experience rather than the relative ratings system that is currently used in municipals. It makes no sense that state general obligation credits, which have experienced no defaults for an extraordinarily long period of time, should have the wide range of ratings that are currently in place, and that bare no relationship to actual default experience.

The relative ratings system unfairly punishes issuers for irrelevant ratings criteria that obviously bare no relationship to default risk. As a consequence of the current system, issuers are thus enticed to secure insurance they in fact do not need, or market their securities uninsured at higher interest cost. In either case they are paying a penalty unnecessarily. The provision of insurance that is not predicated primarily on default risk introduces unnecessary costs and, therefore, inefficiency into the municipal market.

Thanks again for the opportunity to comment and for the leadership you have displayed in initiating a process to resolve this important issue.

Sincerely,

Chris Mier, CFA
Managing Director
Loop Capital Markets
200 W. Jackson, Suite 1600
Chicago IL 60606

cc: Paul Rosenstiel, State of California